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TAB A to
IAC-D-77

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MEMORANDUM FOR: Mr. Robert M. Macy,
Bureau of the Budget

SUBJECT: Budgetary Analysis of Intelligence
Programs

1. The Intelligence Advisory Committee, having considered your presentation of 17 November, recognizes that, despite the difficulties involved in a review of all budgets pertaining to intelligence, this is a necessary process if the President is to be informed of the total cost of intelligence as he views all other aspects of the national security program of the government.

2. The IAC recognizes also that Congress and others outside of intelligence have not to date been fully aware of the interdependence of and effective coordination between the various agencies of the government participating in the intelligence program. Insofar as an examination of the present distribution of resources will assist in the understanding of this interdependence and coordination it would be helpful.

3. The IAC understands from discussion with Bureau representatives that internal security programs are excluded from this survey and that the survey will not be used in connection with appropriations.

4. The review may reveal what might at first appear to be areas of unprofitable duplication. We foresee the dangers of pointing up conclusions without the detailed analysis and understanding of functions which may be characteristic of the IAC and its member agencies, who live with the problem from day to day.

5. In order to offset these dangers, we heartily support the Bureau's view that we should work closely together. Accordingly, the IAC has developed a classification list (attached) which seems the most significant and meaningful feasible classification of intelligence activities to assist the analysis proposed by the Bureau of the Budget.

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6. We recognize that subcategories may seem to be desirable as the Bureau of the Budget proceeds to obtain the departmental data appropriate to the several agreed attached categories.

7. As the survey proceeds in the departments or agencies concerned, the IAC invites the Bureau to call upon it at any time that it believes the IAC can facilitate or contribute to the survey. It would be appreciated if the Bureau's findings would be made available to the IAC.

ALLEN W. DULLES
Director of Central Intelligence

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Suggested Categories for the Survey of Intelligence Budgets

1. The major categories should be restricted to the classical classification of intelligence, namely: collection, production and dissemination.

2. The category "collection" should be divided as overt and covert.

3. Intelligence activities under the category "production" should be further classified as follows:

- a. Political, cultural and sociological
- b. Ground Forces
- c. Naval Forces
- d. Air Forces
- e. Economic
- f. Scientific and Technical
- g. Geographic

4. No attempt has been made to classify "production" or the subdivisions of "production" as basic, current, and national intelligence. Such a division, if made, would be unrealistic, inasmuch as in some agencies the employment of personnel on these respective categories of intelligence will vary with the intensity of international relations and crises. There is no formula thus far discovered or used among the agencies which could indicate the actual allocation of total resources to those categories of intelligence.

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5. The category "dissemination" for this purpose should include screening, reproduction, translation*, distribution and libraries.**

6. In connection with these activities, whether by intelligence or by operations, which serve purposes other than intelligence, the approximate intelligence cost should be broken out and listed. This is particularly applicable to certain problems in collection, but is not necessarily restricted to collection.

* In CIA, translation is considered a part of collection.

** Army prefers a more restrictive definition of "dissemination" as being that intelligence activity which involves solely the conveyance of intelligence information and finished intelligence.